

# Uber-Wesbank deal a boon to transport entrepreneurs

 By [Lauren Hartzenberg](#)

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It's been just over one year since Uber partnered with vehicle and asset finance provider Wesbank in a [R200m car rental deal](#), with the aim to fuel growth in the passenger transport industry and improve the economic prospects of professional drivers.



The Vehicle Solutions Programme offers existing driver-partners – many of whom don't earn enough to qualify for credit – access to a full maintenance lease programme, giving them access to a vehicle at preferential rates. The programme is offered to drivers based on their ratings and earning potential, rather than their credit history. After the instalment is paid the only other costs the driver-partner needs to worry about is petrol.

## Empowering local entrepreneurs

It's been little over a year since the programme's inception and it has improved the lives of over 350 entrepreneurs to date, says Wesbank. Generating worthy acclaim, the innovative vehicle finance solution also recently featured as a finalist in the Global Banking Administration Institution (BAI) Banking Innovation Awards in the Societal and Community Impact category.

"This was a huge honour and testament to societal impact of the project and how it is truly empowering local entrepreneurs," commented John Loxton, general manager of WesBank's Fleet Management and Leasing division and the person responsible for heading up the project.

“We have seen driver-partners improve their service, increase their trips and increase personal income by around 50% through our vehicle leasing programme. This financial security is not only a blessing to their families, but it also gives the driver-partner inspiration to increase their earning potential so they too can become a transport operator with a fleet of vehicles,” he said.

In this interview, Loxton shares with us how the innovative collaboration with Uber came about, market challenges and successes, and key guidelines for seizing disruptive business opportunities.

■ ***For the uninitiated, describe how the Vehicle Solutions Programme for Uber driver-partners works.***

**Loxton:** Existing Uber driver-partners have access to this specially designed Vehicle Solutions Programme, enabling them to gain access to a car of their choice at preferential rates, with a view to establishing their own passenger transport business with the help of Uber’s technology platform.

WesBank worked with Uber and the Vumela Fund to create this unique product that assists drivers who were previously employed by Uber partners or who currently have a limited credit history and therefore no financial means to obtain a car.

Vumela was established in 2009 by FNB Business Banking and Edge Growth to create a funding model that filled the gaps in the current SME funding and support landscape. This fund is valued at more than R200 million and Vumela has pledged R20 million towards the first 1,000 Uber driver-partner vehicles. Vumela provides WesBank with financial risk mitigation and support measures, which will enable the provision of the Vehicle Solutions Programme to Uber driver-partners.

This Vehicle Solutions Programme is not limited to driver-partners with an existing record of income with Uber – new drivers can also apply. Uber has partnered with leading rental providers who offer new drivers access to a short-term rental programme with competitive rates negotiated by Uber. They can then use these vehicles, in partnership with Uber, until they have built the earnings and quality record needed to qualify for the Vehicle Solutions Programme, facilitated by WesBank.

The Vehicle Solutions Programme for qualifying Uber driver-partners includes:

- A growing range of four-door sedans;
- 36 months with unlimited kilometres;
- Monthly variable amount including the use of the vehicle;
- Drivers traveling 5,000 kilometres per month will have payments starting from as little as R1,700 per week for their cars;
- All maintenance and servicing including tyres;
- Comprehensive insurance;
- Telematics.



John Loxton, Wesbank

#### ■ ***What drove the decision to partner with Uber?***

**Loxton:** We have recognised Uber's ability to disrupt and transform the transport industry, while creating work opportunities for thousands of people across the world. Just as Uber has changed the way people think about transport, WesBank has changed the way people think about finance vehicles, resulting in the development of this enterprise development programme.

The best ideas usually come from identifying a solution to a problem. Uber recognised that in order to get more driver-partners to become small business owners, they needed their own vehicles. Uber approached WesBank to find a solution. We came up with the idea of looking at this enterprise development funding model differently. Traditionally you would do a finance transaction, but instead we saw this as the perfect opportunity to create an asset management transaction.

When you create a funding model, you traditionally give someone a loan in order for them to buy a vehicle. But as an asset management transaction, you just need a mechanism to collect rent and manage the asset – as opposed to funding a transaction. We also recognised that Uber driver-partners needed new cars that could be replaced after a couple of years and a leasing model made the best sense for each driver-partner to grow their business.

Many drivers wanted to use Uber's technology, but just couldn't afford a car through a traditional finance transaction. We worked closely with Uber to design this funding model that could match the requirements of driver-partners and their affordability, by creating a set of criteria for drivers to qualify. The criteria helped driver-partners to set goals and motivate themselves to become their own boss.

#### ■ ***What has the response been like from the market?***

**Loxton:** The Uber-driver partners first had to meet the criteria, which for most of the Uber partners can take up to three months. Over the last two months, however, there has been a significant interest. WesBank has had more than 2,900 applications and so far there are hundreds of vehicles operating on the platform.

By the end of January 2017 WesBank hopes to have about 1,000 vehicles on the road through the Vehicle Solutions Programme.

### ▣ ***What are the SA market-specific challenges in creating a product of this type?***

**Loxton:** Affordability and non-existent credit scores are the two big challenges we faced. But thankfully through our qualifying criteria driver-partners are able to drive towards their dreams. Better service and the increased number of trips bring them closer to upgrading to the Vehicle Solutions Programme.

To qualify for the Vehicle Solutions Programme, Uber driver-partners need to have a professional driving permit and have an existing and active Uber profile with at least 500 trips completed within three months. The Uber partner-driver rating also needs to be 4.60 or higher to qualify.

The programme gives individuals the opportunity to build a credit record with WesBank. Uber driver-partners with no credit profiles or low credit scores are still able to apply for this programme, provided they meet the eligibility criteria.

An ITC credit check will be undertaken to assess the extent of each applicant's bad debt prior to approval. Before the Uber driver-partners submit their application form on the Uber marketplace, one of the terms is that they give consent for WesBank to make an enquiry against their credit record with the credit bureaus.

### ▣ ***In your opinion, what are the golden rules to remember when seizing disruptive business opportunities?***

**Loxton:** Collaboration and the ability to act quickly is always key. Sometimes you have a brilliant idea or a really ingenious solution to a problem, but by the time you react, your competitors have already seized the opportunity.

If you possess the passion I had to implement this project, then you really won't mind losing sleep and putting in the hard yards, because you know in the end you are creating something that will allow people to become business owners so that they can reach their dreams. We all started small and rose up the ranks, but sometimes funding stands in the way of these dreams.

Our business environment is continuously changing at a rapid rate in this day and age. In order to be successful we need to reduce the lead time between concept and execution. This will allow us to pursue our dreams and remain relevant whilst we continue to pursue growth through innovation.

I am fortunate to have dedicated team that believe in this project as much as me. We are all committed to the success of this programme as it has also afforded WesBank Fleet Management and Leasing the opportunity to be recognised as a market disruptor and innovator. But more than anything else, the team is motivated by virtue of the fact that we are changing people's lives.

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